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GM leads the way as incentives sweep industry

Sales rebound

Car and light-truck sales increased nearly 9 percent in the first 10 days of July, reversing the trends seen in June.

- Nissan sales doubled.
- Honda fell a third.
- General Motors led the Big 3 in light-truck gains, up 13 percent, and overall, up 12 percent. Ford gained most in car sales for the Big 3, up 17 percent.

The story is on Page 43.

By Michelle Krebs and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

Frustrated by slow sales, domestic and import automakers announced a rash of consumer and dealer incentives last week.

Almost every major auto retailer has new programs — from traditional incentive promoters such as General Motors, which announced its most generous cleanup program in three years, to American Honda, a surprising newcomer to the incentive arena.

GM unveiled sweetened rebates and alternative cut-rate loans, but dealers say, "Stay tuned — there could be more." The GM consumer incentive program was coupled with a dealer rebate designed to clean out 1989 models.

Dealers were told the consumer rebate/finance program is in effect until further notice. That allows GM to sweeten it if it is one-upped by Ford Motor Co. Even if Ford only matches the incentives, GM could make changes in August if the present program doesn't clean out the 1.5 million vehicles in inventory.

Claude "Bud" Moore, GM vice president in charge of the customer sales and service staff, predicted GM's program will clean out a million units.

But, he acknowledged, "we're always going to be responsive to whatever competition does."

Some dealers are concerned that since the program has no end date, consumers will wait for an even better deal.

"We don't anticipate consumers waiting," Moore responded. "The biggest availability of colors, options and models out there will be the earliest ones."

GM's consumer incentives are virtually unchanged from the previous program. Cash rebates on some models have been boosted.

GM increased the financing rate on 60-month loans. Moore said GM wanted to offer the best rates on the more popular three- and four-year loans.

Dealers said the higher rate on 60-month loans probably is to discourage consumers from opting for them. Dealers say many potential buyers can't buy a new vehicle because they owe more on their present vehicle than it is worth as a trade-in because of the stretched out term.

GM's dealer incentive program is

see INCENTIVES, page 43

DOMESTICS

Top American import execs know the end can be early

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — The retirement of Max Jamiesson as executive vice president of Hyundai Motor America thins the ranks of the first generation of top-ranking American officers of Asian auto importers.

Jamiesson, 56, will become a Hyundai dealer on the Monterey Peninsula in Northern California, where his wife of one year, Sue Jamiesson, owns a Toyota dealership. Sue Jamiesson also is opening a new Hyundai dealership in nearby Salinas. Max Jamiesson has owned a home in Carmel Valley for three years.

Top Americans at several Japanese-based companies see a natural maturation in the gradual shift to a second generation of American leaders such as Tom Mignanelli, 44, executive vice president of Nissan Motor Corp. in U.S.A. And they know that Japanese companies often expect early retirements.

"The commonality of personalities used to be there, partly because our backgrounds were so similar," said C.R. "Dick" Brown, 56, executive vice president of Daihatsu America in Los Alamitos, Calif. "Most of us were ex-Chrysler or ex-Ford, but nearly all were from domestics."

Brown, a former Chrysler employee who also was involved in the startup of Mazda in the United States, was the original top American at Daihatsu.

AUTOMOTIVE NEWS/JOE WILSSENS

Max Jamiesson will retire as COO of Hyundai Motor America and become a dealer in northern California.

"You have to take the nature of the import companies into consideration," said Richard Recchia, 49, executive vice president of Mitsubishi Motor Sales of America and a former Chrysler employee. "Until 10 years ago, the import auto business in this country was very small. So when (Asian) companies wanted to establish large-scale U.S. operations, they had to tap a talent pool somewhere, and that was the domestics."

But top American managers reject the notion that there is a special bond between them or that they share many special traits.

"We have some things in common, but it's not fair to make broad generalizations like we're all greater risk-takers," said Jack Reilly, 62, senior vice president and general manager of American Isuzu Motors in Whittier, Calif.

see EXECUTIVES, page 41

Marine Midland plans auto loan venture with giants

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

Marine Midland Automotive Financial, the largest bank financier of auto loans, plans to team up with two other huge companies in a joint auto financing venture.

Marine Midland expects to sign an agreement by year's end with:

- Tokyo-based Orient Finance Co., Ltd., Japan's largest consumer credit company and a leading financer of autos in Japan, and
- Aon Corp., a Chicago-based insurance holding company with assets of $8 billion. Through one of its operating groups, Aon provides insurance services to more than 2,000 auto dealers.

The joint venture will expand the business of Marine Midland Automotive Financial Corp. It will provide retail and commercial financing as well as leasing and related insurance services to automobile dealers, Marine Midland said.

The three parties said they plan to sign a definitive agreement later this year. The venture is subject to regulatory approvals and final approval by boards of directors of the companies.

Marine Midland Automotive Financial is a wholly owned subsidiary of Marine Midland Banks based in Buffalo, N.Y. It manages about $7 billion in auto-related assets nationwide.

"We believe the joint venture will enhance our competitiveness and prove to be an opportunity to provide a better range of services to customers," said a Marine Midland spokesman.

He said more resources will be available to the joint venture than are available to the bank subsidiary.

Since the agreement has yet to be finalized, no further details were available, the spokesman said.

Marine Midland is the most formidable competitor to the automakers' captive finance subsidiaries. It is a partner in financing ventures with Subaru, Porsche, Mazda and Saab-Scania. Hyundai and Marine plan to form a joint financing venture this fall.

Robert Reich, Marine Midland division executive, said last spring that Marine is "always looking" for more relations with automakers. "There aren't that many unaffiliated ones left," Reich said.

Last week Marine Midland Banks, which in 1985 became the first institution to package and publicly sell auto loans, registered an offering of about $170 million of auto-loan-backed securities. It has packaged and sold as securities more than $1.7 billion in auto loans.

Stocks jump for Honda as sales slip

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — A sharp runup in new-car inventories may be another sign that Honda is feeling the heat of competition.

American Honda Motor Co.'s combined stocks of imported and U.S.-built cars jumped to a 49-day supply on July 1, up from 28 days on June 1. The days' supply is Honda's highest since 1985, and contrasts with a 16-day supply on July 1, 1988.

That is still well below the industry average of 73 days' supply on July 1, but it is weeks beyond Honda's typical inventory.

Among all cars sold in the United States, inventory crept up six days' worth in June, to 73. An 11.08 percent fall-off in June new-car deliveries caused the July 1 stockpile of all U.S.-built and imported cars to reach 2,510,701.

At the end of the first half, Honda's domestic and import car stocks and days' supply numbers were double or triple its 1988 figures.

The inventory includes all cars at or en route to dealerships or in factory lots. Days' supply is calculated on the daily selling rate for the most recent month.

For Honda, the days' supplies were just 24 May 1 and 28 on June 1.

Sluggish June deliveries (Honda sales were down 13.27 percent in June) left Honda with 41.9 percent more cars in stock on July 1 (76,237) than at the beginning of June.

Honda officials noted several mitigating factors, but like Honda's first-ever sales-linked "advertising allowances" to dealers, it is a sign that Honda is mortal after years of extremely low inventories.

Because Honda Division sells mostly domestically produced cars, its import inventories include

see INVENTORY, page 42

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Taxing time at Mercedes-Benz:
In Massachusetts, the importer won't pay a court-ordered excise tax, so the state confiscated a company SEL560. (Page 4). In Washington, Mercedes paid a $20.5 million C/PE fine (Page 2).

Saturn adds 33 dealers, promises financial help

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

SPRING HILL, Tenn. — General Motors' Saturn Corp. named 33 dealers for its "second wave" of U.S. markets last week and surprised its dealers with a sketchy offer of special financing to help with construction and startup.

Saturn also unveiled a prototype dealership that places the service department out front rather than the traditional "backshop" positioning.

The newly assigned franchise territories include Chicago, Detroit, Washington, Philadelphia, Indianapolis, Baltimore, San Jose, Calif., Minneapolis, and Milwaukee. They are slated to get Saturn vehicles in spring 1991, four to six months after the new cars go on sale in major East and West coast markets.

The new dealers join 26 that were awarded territories last February, bringing the total number of areas assigned to 59. Those areas are expected to have 190 Saturn locations.

Saturn plans to introduce a four-door sedan and a coupe by the end of 1990.

Donald W. Hudler, Saturn vice president of sales, service and marketing, surprised a number of the first- and second-wave dealers at the announcement with a new financial assistance plan to help finance dealership construction and start-up.

Hudler said the company has arranged for dealers to receive preferred financing through General Motors Acceptance Corp. and Sovran Bank of Norfolk, Va. He declined to reveal details of the plan, which he said are not finalized.

As it announced the new dealer agreements, Saturn also unveiled the architectural plans that will be used at all its locations. The design features a service center in the front of the building and outside canopied walkways that are an extension of the showroom, according to its designer, Paul Kennon, design principal for CRS Sirrine of Houston.

The latest additions to Saturn's dealer network signed their franchise agreements last week. AUTOMOTIVE NEWS/JOE WILSKERS

"You will notice that there is no back door to the building," Kennon said. "It's really an expression of Saturn's philosophy toward the customer. Selling the car and servicing it are equally important, and so they are side by side."

Saturn said construction of the first 90 to 100 dealerships is expected to begin early next year. But a number of the second-wave dealers said they did not plan to start construction until about six months before they begin operations, which would mean the third quarter of next year.

Hudler said the average dealer investment for the first Saturn stores will be $3 million — "plus

see SATURN, page 41

Partners: *Honda aims at Europe through a stake in Rover; Rover gets piece of Honda plant*

By Daniel Ward and Mary Ann Maskery
AUTOMOTIVE NEWS STAFF

Honda Motor Co. and the Rover Group will strengthen their decade-long partnership with Honda buying a 20 percent stake in the British automaker and Rover acquiring an equal share in a new Honda assembly plant.

Under the agreement, Honda will pick up its first equity stake in a European auto company. Rover, meanwhile, will own 20 percent of a new £300 million ($489 million U.S.) assembly plant that will produce cars under the Honda and Rover badges.

The move represents a further departure from Honda's strategy in the United States, where the automaker has expanded without joining hands with a domestic partner.

But in face of Britain's strict requirements on local content, Honda will be relying on access to Rover's suppliers. Within 18 months after the start of regular production in fall 1992, Honda expects to reach 80 percent local content.

The plant, to be built next to Honda's engine plant in Swindon, England, will begin early production in late 1991. Capacity of 100,000 is expected to be reached two years later. It will employ 1,300 workers.

The deal adds yet another dimension to the Honda-Rover partnership, which dates back to 1979 when Rover began building the Honda Ballade under license. The two companies jointly developed an executive class sedan that is sold in the United States as the Sterling and the Acura Legend. The companies have since modified that model, with Honda developing a coupe and Sterling offering a five-door liftback.

This month, Honda will begin producing 1.6-liter engines in England for the Rover 800 and Honda Concerto. Those cars will be built by Rover later this summer.

"Our collaboration with Rover is the nucleus of our presence in Europe," said Honda President Tadashi Kume, in making the announcement last week in London.

"Our two companies are entering into significant minority cross shareholders," he said. Honda and Rover will continue to respect their individual identities and, Kume added, "by so doing, both companies will strengthen their positions in the European automobile industry more effectively than if each were to act separately."

Honda also announced that the engine plant will increase capacity from 70,000 engines annually to nearly to 200,000 by 1994.

In Tokyo, Honda Executive Vice President Koichiro Yoshizawa said the decision evolved primarily from a desire to strengthen the relationship with Rover.

Capital was not a major concern, he said. Honda could have gone alone, but decided cooperation was more beneficial.

There has been no decision yet on how the 100,000 units will be divided between Honda and Rover, but Yoshizawa said he personally believes Honda should be allotted more. The model will be a new one, what Yoshizawa described as an upper middle class model, with an engine size larger than the 1.6-liter engine in the Concerto/Rover 800.

The new plant will be run under Honda management, with models developed by Honda. Despite the exchange of stock shares, both companies will remain independent, each sending only one part-time director to the other's board.

How much a 20 percent interest in Rover will cost Honda has also not been decided, Yoshizawa said.

It will be the end of the year before details of the agreement will be finalized. At the moment, it is unclear whether money will change hands in the deal, which appears to give Honda significantly more assets than it is handing to Rover. The European Commission is likely to examine the deal closely.

Honda's sales target in Europe is 200,000 units a year by 1994, according to Yoshizawa. Last year, Honda sold 149,199 units. That figure is expected to be boosted next year by at least 30,000 Rover-built Concertos.

With last week's announcement, Honda, Nissan and Toyota will have a combined car capacity in Britain of 500,000 units by the mid-1990s. Nissan and Toyota have been pursuing their projects without the help of a European partner.

1990 Accords uncovered

HIDDEN IMAGE/MARK LEHMANN

The biggest visible change in Honda's new generation Accord is the switch to exposed headlamps from the pop-up units on the existing models. The car is slated for a late September introduction in the United States.

CAFE FINES PAID SINCE DECEMBER 1

Model Year	Manufacturer	Amount Fined	Date Paid
1985	Mercedes-Benz	$ 5,509,400	12/88
1986	Mercedes-Benz	20,214,700	12/88
1986	Peugeot	793,000	2/89
1986	Jaguar	8,040,550	2/89
1986	Porsche	823,440	2/89
1987	BMW	1,088,859	5/89
1987	Jaguar	5,320,135	6/89
1987	Mercedes-Benz	20,526,490	6/89
1987	Peugeot	767,600	6/89
1987	Porsche	948,480	6/89
1987	Range Rover	272,955	6/89

Source: NHTSA

Six European makers pay $30 million in CAFE fines

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Six foreign luxury automakers last month paid more than $30 million in fines to the U.S. government for failing to meet 1987 fuel economy standards.

The heftiest fine was $20.5 million paid by Mercedes-Benz of North America for achieving a corporate average fuel economy rating of 22.3 miles per gallon against the 26 mpg standard.

Mercedes-Benz paid the fine, but reserved its right to challenge the assessment, while the other five acknowledged making the payments and called them a cost of doing business.

Companies are penalized $5 for every tenth of a mpg per car that they fall short of the standard. They are allowed to use credits generated in three model years before or after the model year they fall short of CAFE.

Mercedes is also contesting $25 million in fines it paid last December for the 1985-86 model years. It was to apply credits generated beyond the three-year carryfoward/carryback period for credits.

Jaguar Cars paid the second highest fine last month, $5.3 million, also for 1987. In March, Jaguar paid $8.04 million for the 1986 model year.

NHTSA, the agency that assesses the fines, said BMW of North American paid a $1.09 million fine on a CAFE shortfall that would have netted a $5.12 million penalty. BMW said the government

see CAFE, page 44

Corrections

- A story on the July 10 engineering page incorrectly said a list of Underwriters Laboratories-approved R-12 recovery and recycling machines had been posted. According to Andrew Torroll, a UL staff engineer, UL was unable to post a list by its July 1 deadline because required testing was not complete. Torroll said he hopes a list will be posted soon. A photo caption accompanying that story incorrectly identified a Robinair recycling unit as UL approved.
- A July 10 story on import car sales incorrectly said that only BMW among European manufacturers improved its sales for the first half of 1989. Volvo sales for June and the first-half of 1989 increased more than any other European competitor. Volvo June sales rose 542 cars to 9,695, up 5.93 percent from June 1988. For the first half of 1989, sales rose 3,422 units to 53,043, up 6.89 percent from the first half of 1988.
- The story also incorrectly stated that only Jeep-Eagle Division posted a first half gain among captive imports. Ford Motor Co. captive imports rose 1,157 cars, or 3.28 percent, to 36,426 for the first half of 1989 despite a 18.88 percent drop of 1,101 to 4,986 for the month of June, compared to similar periods in 1988.

Alfa Romeo delays 164 launch again

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

ENGLEWOOD CLIFFS, N.J. — Alfa Romeo has delayed the introduction of its 164 sedan from January until March and will label the car an early 1991 model instead of a belated 1990.

The car originally was slated for a fall 1989 introduction as a 1990 model, but changes in the passenger compartment for the U.S. market pushed those plans farther and farther back.

The company is soft-pedaling earlier projections that it would double its dealer body and sell between 40,000 and 50,000 units within five years.

Darrell L. Davis, president and chief executive officer of Alfa Romeo Distributors of North America, said he plans to add 60 to 65 dealers to its 149-member network. As for sales, Davis said only that he is looking for steady, incremental growth.

The 164 will be priced between $22,000 and $29,000, depending on options, said Davis, who heads the distributorship formed last October and jointly owned by Chrysler Motors Corp. and Alfa Romeo's parent, Fiat S.p.A.

The advent of the 164, which is more mainstream than the rather odd-looking Milano sedan, marks the end of the "era of esoterica" at Alfa Romeo, Davis said.

Changes to the U.S. version of the 164 include such items as air conditioning, seat belt attachment points, window controls, instrument panel controls and seat cover materials, he said.

Pilot production is expected to begin this month, but production for U.S. sales isn't expected to begin until September. The car went on sale in Europe last year.

Soon after the 164 goes on sale in March 1990, Alfa will introduce a face-lifted version of its Spyder convertible, Davis said. The car will be a 1990 model.

A new Spyder convertible is expected around 1993, replacing the present model, which is a direct descendant of a 1966 model, Davis said.

"The new Spyder is really the essence of what people think of when they think of Alfa Romeo," he said.

But pending the arrival of the 164 there will be a "lull" in Alfa's sales, as the company sells down its present inventory and moves its headquarters to Orlando, Fla. this October, Davis said.

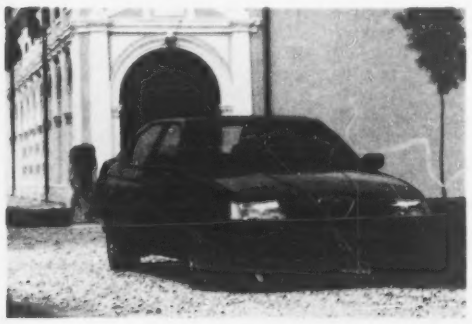
Meanwhile, sales are slumping.

Davis said the company projects sales of only 3,400 cars for the 1989 calendar year. The company sold 4,476 cars in 1988, compared to 6,326 in 1987. June sales were 241, for a six-month sales figure of 1,703, compared to 2,708 in the first half of last year.

Davis pointed out the company began 1989 with inventory that contained 1987 and 1988 models, mainly Milanos. But that problem has been eased by incentives that helped sell 581 Milanos in March.

The Milano will be phased out following the 164 introduction.

Davis said dealer stock as of last week included 310 Milanos and 650 Spyders, which he hopes to reduce to around 400 to 500 cars combined by the end of this year. He said he hopes to be sold out of 1989 models by the time the truncated 1990 model year begins.



Alfa's 164 will be introduced in the United States next March.

Lexus lands on U.S. shores
The first shipment of Lexus LS400 sedans is greeted at the Port of Long Beach in California by Toyota and Lexus executives. The V-8-powered car makes its debut Sept. 1 at 70 Lexus dealerships nationwide. From left are J. Davis Illingworth, Lexus vice president/general manager; Yale Gieszl, senior vice president, Toyota Motor Sales U.S.A.; K. Usuda, Lexus senior vice president/chief coordinating officer; Robert McCurry, executive vice president, Toyota Motor Sales U.S.A.; and Yukiyasu Togo, president and chief executive officer, Toyota Motor Sales U.S.A.

Warranty firm's demise stings dealers, buyers

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — About 40 U.S. car dealers and their customers have little hope of recovering any money from some extended service contracts sold by a collapsed Florida-based company and a related Canadian corporation.

The collapse of Thermo-Guard Warranty Co. and Canadian-based Guardall Financial Services Corp. will also affect more than 1,000 dealers and as many as 50,000 service contracts in Canada.

The companies are owned by Florida businessman Seymour Ravinsky, who agreed July 5 to hand over his assets — including the proceeds from the planned sale of his yacht "Motivation," estimated at $5.5 million — and those of his companies in Canada and the United States.

A Canadian bankruptcy trustee has taken over the assets of Guardall and Thermo-Guard Warranty. The trustee reported in an affidavit that about $12 million Canadian ($10.1 million U.S.) is missing from the trust funds Ravinsky's companies should have maintained. He alleged that more money would disappear unless Ravinsky, who lives in Boca Raton, Fla., were forced into personal bankruptcy in Florida.

The Ravinsky case is also being investigated for possible insurance fraud by the Commercial Crime Branch of the Royal Canadian Mounted Police.

Most "Thermo-Care" warranties in the United States are still being honored because the company funded and insured them properly.

But some customers in the United States have sued dealers who sold them Thermo-Care warranties that were not honored, and those dealers have virtually no chance of being reimbursed by the Canadian-based Guardall companies for work performed under the warranties, said Kerryn Downey, a bankruptcy trustee for the Supreme Court of Ontario who now controls the companies.

"Dealers are in a very difficult

see WARRANTY, page 44

Car output may dip to 1980s' low

Big 3 cuts mirror recession blues

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — U.S. car production in the third quarter could slip to the levels of third quarters in the recession years of the early 1980s if automakers continue trimming plant schedules to reduce bulging inventories.

Industry analysts predict that the Big 3, which have extended summer shutdowns, will slice their third-quarter production schedules even further because of slow sales and rising inventories.

In addition, analysts say even richer incentives than those announced last week are likely in August as automakers try to clear out stocks before the new model year begins in the fall.

Japanese automakers also could be forced to beef up incentives and cut back deliveries from Japan, analysts say. Production cutbacks at U.S. transplant operations are unlikely because it is less expensive for Japanese automakers to build cars in the United States than in Japan, according to analysts.

So far, output at Japanese-owned plants and joint-venture operations is preventing third-quarter car output in the United

see SHUTDOWN, page 42

U.S. THIRD QUARTER CAR PRODUCTION SCHEDULE

	Projected 1989	Actual 1988
General Motors	623,000	729,853
Ford	376,000	360,189
Chrysler	181,000	194,200
Total Big 3	1,180,000	1,284,242
Nissan	31,000	30,897
Honda	83,000	88,656
Mazda	47,341	54,083
NUMMI	60,000	29,340
Diamond-Star	30,000	0
Toyota	35,000	0
VW	0	3,512
Total transplants and joint ventures	286,341	206,488
Total	**1,466,341**	**1,490,730**

SOURCE: Automotive News figures.

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High court review sought on auto defect cases

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — Trial lawyers and consumer groups have asked the U.S. Supreme Court to decide whether the Motor Vehicle Safety Act of 1966 and federal safety standards pre-empt damage claims alleging defective design brought at the state level.

If the high court agrees to review the case, the outcome may affect more than 100 cases charging that cars are defective because certain models aren't equipped with air bags or passive restraints and thousands of design defect cases involving other safety standards.

The petition also seeks a definition of an automaker's responsibility and liability if it meets only the minimum of any federal standard when superior and cost-effective technology exists that may improve crashworthiness beyond the standard.

The petition was filed by Trial Lawyers for Public Justice; Ralph Nader's Public Citizen Litigation Group; and Moquin & Daley, a Boston law firm that brought the case against General Motors that is now being appealed.

A federal appeals court upheld GM's position that federal law through "implied" pre-emption ruled out the 1984 product liability suit brought by Patricia Wood in Massachusetts.

She charged that a 1976 Chevrolet Blazer was defective because the automaker did not equipped the vehicle with an air bag.

Wood, an unbelted front seat passenger in the vehicle, was paralyzed in the 1981 crash.

In 1987 — in what the trial lawyers consider a landmark decision — a district court said that if Wood could prove her case, she was entitled to damages under Massachusetts law.

The court said the 1966 safety law neither expressly nor impliedly pre-empted her claim.

Two of the three appellate judges disagreed with that decision.

They accepted GM's contention that if Wood won, GM would be required to install air bags in all cars, which would be the same as a state-required safety standard, one explicitly pre-empted by federal law.

By requiring air bags, the court decision would have created conflict with the 1974 federal standard on restraint systems, which gave GM a choice between manual belts and passive restraints, the court said.

The two judges also contended that if Congress had been familiar with auto design damage cases, it would have made its position on pre-emption clearer.

The dissenting judge said the majority confused pre-emption of direct state regulation — which Congress allows — and the indirect regulatory enhancing effect of state-level suits — which Congress did not pre-empt.

The judge said Congress was familiar with developing tort law in the states and that is why it "saved" claims under state common law from pre-emption.

The Supreme Court appeal petition maintains Congress clearly spelled out its intent in the law when it said that "compliance with any Federal motor vehicle safety standard . . . does not exempt any person from any liability under common law."

The petition adds that Congress never changed that position during the many times it amended the law.

see COURT, page 44

Conversion market rocky; GM, Ford try incentives

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Wholesale van conversion shipments slumped 8.30 percent in May, according to the Recreation Vehicle Industry Association.

Demand has dropped sharply in the past few months as auto dealers, overloaded with inventory, curtailed or stopped ordering conversion units altogether, according to converters.

Recent General Motors and Ford van incentives will help clear out the 1989 models, but converters are still bracing for a tough fall.

Ford is offering a $1,000 rebate to customers on full-sized van conversions, and GM extended a $500 customer-rebate/low-interest program on small and large vans.

For July 7-31, Ford is offering $1,000 rebates on new 1988 and 1989 E-150 regular and E-150 Super Vans, equipped with RV converter equipment packages and reassigned to a Ford dealer from an authorized conversion firm.

Also eligible for the $1,000 are non-Ford consignment pool E-150 Econoline vans, equipped with RV converter preferred equipment package 743A or 745A and modified by a converter at the direction of a Ford dealer exclusively for sale by that dealership.

But Econoline vans sold to any conversion or body company for resale or transfer to another Ford dealer are ineligible for the rebate.

Full-sized vans, without the conversion packages, qualify for a $500 rebate.

Chevrolet and GMC extended a rebate program on vans through the end of the model year. It had been scheduled to expire July 10.

The GM program covers Chevrolet Astro/GMC Safari compact vans and all full-sized vans.

It offers $500 consumer rebates or low-interest financing as follows: 2.9 percent on 24-month loans; 5.9 percent, 36-month loans; 6.9 percent, 48-month loans; and 9.9 percent, 60-month loans.

Converters like G.R. Soos, vice president and general manager of U.S. Conversions in Elkhart, Ind., consider the low-interest financing a real attraction because van buyers tend to finance for longer periods than car buyers.

"Both the GM and Ford programs are going to help an awful lot," added William Snook, president of Coachmen Vans in Elkhart, Ind., and Good Times Van in Grandview, Texas.

Still, converters in other areas believe that at this late date, it's going to be a real struggle to move their 1989 inventory prior to the introduction of the 1990 models.

Said one converter, who declined to be named: "If they had announced their programs a month ago, a dealer might have ordered 10 or 12. Now, he'll take three or four. The '90s are coming out."

Some converters have been selling vans close to break-even, just to move them.

One company has been offering dealers a 90-day buyback guarantee. If the van doesn't move within that time, the converter will have to buy it back, resell it to another dealer and have the original dealer transfer title to the new one.

Typically, when chassis are resold like that, they have a 20 percent discount from their original selling price. In addition, the converter pays to ship the chassis from one area to another.

U.S. Conversions, which also produces Kentron and Premier vans, has been fortunate in not being overstocked, Soos said.

He said that "if sales pick up, it could blow a lot of inventory (out of converters' and dealers' lots) quickly."

Coachmen's sales were fairly strong until a month ago, Snook said. Then, dealers began forcing their inventories down. They stopped all conversion orders.

No matter how quickly the new programs clear out the 1989s, Snook fears that the beginning of the 1990 model year "is going to be tough because retail has turned down so much."

Like other converters, he expects to see a number of smaller converters shut down, sell off stock and wait for another good market before getting back into the business.

Recreational Vehicle Wholesale Deliveries

	May 1989	May 1988	% change	5 mos. 1989	5 mos. 1988	% change
Travel trailers	5,000	5,900	– 16.7	27,200	29,000	– 6.2
Park Trailers	600	700	– 14.3	3,300	3,300	—
Travel trailers—fifth wheel	2,400	2,800	– 14.3	13,500	14,200	– 4.9
Folding camping trailers	2,400	3,700	– 35.1	15,300	19,300	– 20.7
Truck campers	1,200	1,200	—	4,700	5,000	– 6.0
Towable RV total	11,600	14,000	– 17.1	64,000	70,800	– 9.6
Conventional (type A)	3,200	3,900	– 17.9	17,000	18,100	– 6.1
Van Campers (type B)	600	500	+ 20.0	2,200	2,200	—
Chopped vans (all)	2,300	2,800	– 17.9	11,300	11,800	– 4.2
Motor home total	6,100	7,200	– 15.3	30,500	32,100	– 5.0
Van conversions	18,700	20,400	– 8.3	87,500	86,700	+ 0.9
TOTAL ALL RVs	36,400	41,600	– 12.5	182,000	189,600	– 4.0

Source: Recreation Vehicle Industry Association

Van converter buys troubled rivals

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The slowdown in van conversion sales is taking its toll; some converters in northern Indiana, northern Georgia and Texas are closing.

Barney Simon, a converter in the Elkhart, Ind., area, is stepping into the void. He is buying selected assets and hiring key people from some of those firms.

Simon owns Simon McCaffery Corp., known as SMC-Vantage, in Granger, Ind., and is a partner in Archer Coach Corp. in Middlebury, Ind. He recently formed New Vans Corp. in Granger.

New Vans' first purchase was Riviera Vans in Goshen, Ind.

Riviera, which converts more than 500 Chevrolet and Ford vans a year, ran into financial problems. They stemmed from changes Chevrolet made in its distribution system and from the more recent slowdown in market demand, according to Billy R. Powell, Riviera's former owner and a vice president of New Vans.

Simon said, "It's hard to be a one-horse show anymore — to be your own president, chief operating officer, your own purchasing agent, your own production manager. We're inviting some of these entrepreneurs into the fold."

New Vans is interested in conversion firms involved in bank foreclosures or bankruptcies, with good salespeople and diversity.

Simon said that, as part of a larger company, such small firms will be able to cut their overhead and buy materials and components more efficiently from a common vendor base.

Eventually, he expects to invite some vendors into partnership and also buy into key suppliers.

"We plan to create a nice vertically integrated company, with smaller (divisional companies) run by the original entrepreneurs who founded them," Simon said.

Simon said several converters have gone under and more will follow. The latter include companies that haven't legally been dissolved but whose buildings and employees have been idled.

Simon said that as news of his company's interest in troubled converters spread, he received phone calls not only from converters, banks and suppliers but also from auto dealers outside Indiana who were concerned that a converters they had done business with had run into hard times.

Bush supports RV lifestyle
President Bush, accompanied by his wife, Barbara, praised the recreational vehicle lifestyle before 5,000 RV enthusiasts and industry leaders at the Family Motor Coach Association's first annual spring international convention.

Winnebago to open plant in Texas

Winnebago Industries has purchased the Town and Country shopping mall in Temple, Texas, giving it the capability to produce about 1,000 customized trucks and vans there in the first year.

Part of the facility also will be used to provide additional sales and service support to Winnebago's motor home business.

Rex Shorten, general sales manager of Winnebago's van division, said the new customized truck and van operation being established in Temple will allow the company to enter Texas, Oklahoma and Louisiana markets.

But he expects most of that facility's production to be sold in Texas, mainly in major population centers such as Houston, San Antonio, Dallas and Fort Worth.

The van conversion market in Texas has been soft during the past few years, but officials see it coming back.

Generally, Winnebago has been prohibited from marketing in that geographic area because of high freight costs from its Forest City, Iowa, headquarters.

Prior to opening the Bear, Del., manufacturing operation earlier this year, the company had only marketed its vans in a six- or seven-state area near Iowa.

Winnebago has been on a diversification binge that includes giving more exposure to its name in customized truck and van conversion markets. The Bear, Del., facility allows it to sell van conversions and customized trucks on the Atlantic Coast for the first time.

Winnebago's sales of these vehicles are up 60 percent this year, despite the soft market. Shorten projects sales to reach 2,000 units by year end.

While most of the increase has come from the Bear facility and the new markets it opened, production and sales of Winnebago trucks and vans produced in Iowa also are up 20 percent, Shorten said.

"We've made some additional inroads in a relatively soft market, and our van operations are profitable," said.

Winnebago has a consignment pool account with Chevrolet, Ford and Dodge.

The Temple facility, in addition to producing specially outfitted pickups, Suburbans, vans and other types of trucks, also will be used as a warehouse distribution center to provide motor home parts to Winnebago and Itasca brand dealers in the Southwest.

A portion of it will be converted to provide a customer service facility for maintenance and repair of motor homes. Another part will be used for a new retail motor home sales facility that will be owned and operated by an independent RV dealer.

The 308,000-square-foot mall is located on a 29.5-acre site, adjacent to an interstate highway in south Temple.

RV industry prepares for 2 big shows and a new twist

The RV industry is gearing up for two traditionally large shows and experimenting with a novel used-vehicle show.

"Saddle Up for South Bend" is the theme for the 35th annual Midwest Manufactured Housing and RV show in South Bend, Ind., Aug. 8-13.

The show will open to trade-only members Aug. 8-10 and to the public Aug. 11-13. It will feature more than 1,300 products, according to Bob Kropf, show chairman and owner of Kropf Manufacturing in Goshen, Ind.

Featured entertainer is country and western singer Ronnie Milsap.

For the Recreation Vehicle Industry Association's 27th annual National RV Trade Show in Louisville, Ky., Nov. 28-Dec. 1, exhibit space totaling 503,994 square feet has been assigned.

The show is expected to draw 10,000 RV dealers and industry officials. It is not open to the public.

Manufacturers and suppliers were assigned exhibit areas June 28 at a national space drawing.

All available manufacturer space was assigned: 449,894 square feet to 94 manufacturers.

RVIA allocated space to manufacturers based on their contribution to RVIA received in fiscal 1988.

Non-RVIA members and new members were limited to 1,000 net square feet.

A total of 541 supplier booths were assigned to 234 exhibitors, leaving fewer than 20 booths to be sold.

From Oct. 11-15, the Pontiac, Mich., Silverdome will house a unique RV show, featuring used motor homes, travel trailers, tent campers and a one-day RV auction, as well as traditional new models.

New RVs and related products will be exhibited in the domed stadium, while used dealer-owned vehicles will be on sale in a tent and display area outside.

The public auction, for dealer-owned RVs only, will be Oct. 14.

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Auto News Classifieds Get Results

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AUCTION DATES

Chrysler Motors

July 18 — American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Nashville Auto Auction, Nashville, Tenn.; Florida Auto Auction of Orlando, Ocoee, Fla.; Portland Auto Auction, Portland, Ore.; and Greensboro Auto Auction, Greensboro, N.C.

July 19 — A.D.E. of Birmingham, Birmingham, Ala.; Butler Auto Auction, Gibsonia, Pa.; and Riverside Auto Auction, Riverside, Calif.

July 20 — Northway Exchange Auto Auction, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Omaha Auto Auction, Omaha, Neb.; Southwest Auto Auction, Phoenix, Ariz.; Ark-La-Tex Auto Auction, Shreveport, La.; and Amarillo Auto Auction, Amarillo, Texas

July 21 — Manheim Auto Auction, Manheim, Pa.

July 25 — Clanton's Auto Auction, Darlington, S.C.; Southern Auto Auction, Warehouse Point, Conn.; Hatfield Auto Auction, Hatfield, Pa.; South Seattle Auto Auction, Kent, Wash.; Golden Gate Auto Auction, Fremont, Calif.; and Dallas Auto Auction, Grand Prairie, Texas

July 26 — Denver Auto Auction, Aurora, Colo.; Columbus Fair Auto Auction, Obetz, Ohio; Minneapolis Auto Auction, Plymouth, Minn.; and West Palm Beach Auto Auction, West Palm Beach, Fla.

July 27 — Fredericksburg Auto Auction, Fredericksburg, Va.; Salt Lake City Auto Auction, Salt Lake City; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Model-year breakdown

Year	1st half May	1st half June	1st half July
1989	$11,850	$10,886	$11,235
1988	8,857	7,985	7,811
1987	6,611	5,873	6,181
1986	5,813	5,170	5,400
1985	4,543	4,247	4,325
1984	3,857	3,457	3,569
1983	2,669	2,570	2,737
1982	2,155	2,057	2,034
Overall Average	$6,718	$6,439	$6,744

Source: NADA Official Used Car Guide

Used car sales

Auction averages

1st half July '89	$5,744
1st half June '89	$5,426
1st half May '89	$5,715

Source: NADA Official Used Car Guide

Ford Motor Co.

July 18 — Arena Auto Auction, Chicago; Harrisonburg Auto Auction, Harrisonburg, Va.; and Bay Cities Auto Auction, Hayward, Calif.

July 19 — Northway Auto Auction, Clifton Park, N.Y.; Albuquerque Auto Auction, Albuquerque, N.M.; Clanton's Auto Auction, Darlington, S.C.; Fort Worth Auto Auction, Fort Worth, Texas; Indianapolis Auto Auction, Indianapolis; and Greater Tampa Bay Auto Auction, Tampa, Fla.

July 20 — Denver Auto Auction, Aurora, Colo.; Interstate Auto Auction, Mercer, Pa.; Minneapolis Auto Auction, Plymouth, Minn.; Nashville Auto Auction, Nashville, Tenn.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

July 25 — Newburgh Auto Auction, Newburgh, N.Y.

July 26 — Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Mo.; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; Omaha Auto Auction, Omaha, Neb.; and Salt Lake Auto Auction, Salt Lake City.

July 27 — Ohio Auto Auction, Grove City, Ohio; Manheim Auto Auction, Manheim, Pa.; and Southwest Auto Auction, Chandler, Ariz.

General Motors

July 18 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and Manheim Auto Auction, Manheim, Pa.

July 19 — Puget Auto Auction, Auburn, Wash.; Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; Omaha Auto Auction, Omaha, Neb.; and Mississippi Auto Auction, Hattiesburg, Miss.

July 20 — Mid Ark Auto Auction, North Little Rock, Ark.; Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, St. Louis

July 25 — A.D.E. of Birmingham, Moody, Ala.; Harrisonburg Auto Auction, Harrisonburg, Va.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Lotus settles 2 cases, ends tie to DeLorean probe

By Daniel Ward
STAFF CORRESPONDENT

LONDON — Group Lotus has reached out-of-court settlements with both the receiver for the failed DeLorean Motor Car Co. and British tax authorities.

Meanwhile, Fred Bushell, former Lotus chairman and co-owner of the unrelated Lotus Formula One racing team, has been arrested on fraud charges stemming from the handling of money used to finance John DeLorean's sports-car project.

Payment of the "undisclosed sums" removes Group Lotus from the seven-year investigation to recover $17.67 million that disappeared during the development of the stainless steel sports car.

Group Lotus said last week it had "reached an out-of-court settlement with the joint executors of DSQ Property Services Limited (formerly DeLorean Motor Car Co.) in the present action claiming damages and interest.

Under the settlement, Lotus has paid a sum of money without any admission of liability and all existing and future claims of DSQ against Lotus have been dropped."

The statement made no mention of an out-of-court settlement with the tax authorities.

The company admitted a payment had been made to Inland Revenue — Britain's equivalent of the U.S. Internal Revenue Service — to settle a 1984 protective tax assessment for £85 million ($113.4 million).

British authorities levied the assessment when they didn't get the answers needed to track down the missing funds.

In both cases, Lotus made payments subject to confidentiality.

It is unlikely that the amount paid will be disclosed because Lotus' accounts are consolidated with General Motors'.

Lotus has been faced with heavy legal expenses in the DeLorean case despite the fact that the company has never been directly implicated in the government investigation.

Lotus founder Colin Chapman, who died in 1982 and whose company was subsequently sold to GM in 1986, worked with DeLorean in developing the sports car.

A full accounting of how the government's development funds were spent has never been provided. Investigators had hoped Lotus would provide leads.

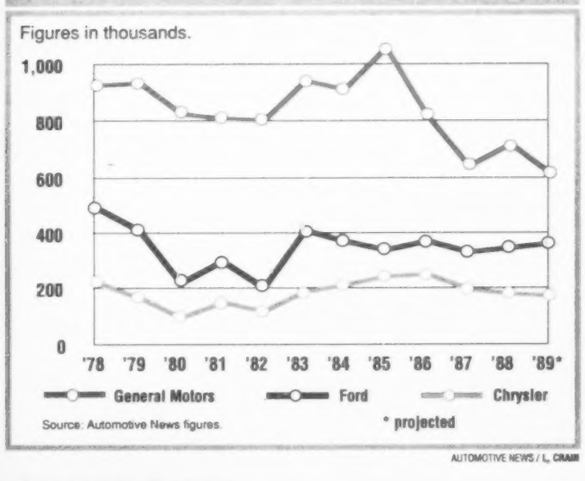
The "appropriate settlement," as it was described by Lotus, also ends legal action initiated by the bankruptcy receiver seeking to recover funds for investors in DeLorean's defunct company.

The amount paid by Lotus will be deducted from a $54 million claim DSQ obtained against DeLorean last year.

DSQ won a summary judgment to collect that money in a U.S. court in May, but the judge stayed enforcement of the judgement pending DeLorean's appeal, which is expected to be heard in August.

Bushell, 61, Lotus' former chairman, was arrested and taken to a Belfast court by the Royal Ulster Constabulary's fraud squad where he denied charges of conspiracy with DeLorean and Chapman to defraud DeLorean Motor of £3.5 million ($5.7 million).

Big 3 third quarter car production



AUTOMOTIVE NEWS / L. CRAIN

SHUTDOWN

FROM PAGE 3

States from dipping to the lows of the recession in the early 1980s. Those plants are set to assemble about 286,000 cars, up 80,000 from 1988.

The industry is scheduled to build about 1.47 million cars in the third quarter, slightly less than the 1.49 million built in the third quarter last year. The low point of the decade was 1.26 million in 1982.

The Big 3 are slated to build just under 1.18 million cars, about 100,000 less than they produced in the third quarter a year ago. The numbers do not include vehicles that will be built at their joint-venture operations.

Analysts predict that if the new incentives don't clear out most of the 1.8 million Big 3-built cars in inventory, the automakers could trim production schedules further later this month or in August.

Chrysler Motors plans to build fewer cars in the third quarter than in any third quarter for more than a decade. Excluding its share from its joint-venture with Mitsubishi, Chrysler plans to build 181,000 cars in the quarter. Chrysler recently extended shutdown time at its plant Sterling Heights, Mich., which builds the Plymouth Sundance and Dodge Shadow.

Industry analysts predict Chrysler may cut production of its Dodge Omni and Plymouth Horizon late in the third quarter or early in the fourth quarter due to high inventories. The Detroit plant that presently builds those models is scheduled for only a five-day model changeover.

General Motors, excluding its New United Motor Manufacturing Inc. venture with Toyota, is scheduled to build 623,000 cars in the third quarter. That would be its lowest level in more than a decade and nearly 100,000 units less than it built in the 1988 third quarter. Adding in GM's share of NUMMI production boosts GM's third-quarter output above the 1987 total, which was the lowest in this decade.

GM recently extended the already-long shutdowns at car plants in: Arlington, Texas; Bowling Green, Ky.; Flint, Mich.; Janesville, Wis.; Lansing, Mich.; Linden, N.J.; and Wilmington, Del. Analysts predict further cuts in GM's schedule will be announced late this month or in August, depending on the success of the incentive program announced last week.

Ford Motor Co. trimmed its second-quarter production by closing some plants. For the first time since the economic recovery started six years ago, Ford closed plants in late May and in June due to climbing inventories. So far, Ford has maintained a strong third-quarter schedule, though analysts predict it also will be forced to cut some production.

Excluding its share of output from Mazda's Flat Rock, Mich., plant, Ford plans to build 376,000 cars in the third quarter, about 16,000 more than it built in the year-ago quarter.

INVENTORY

FROM PAGE 1

lower-volume models, such as Civic station wagons, Civic CRX and Prelude. Honda does not consider the increase in inventories alarming, noting the June 1 figure was calculated on a high May sales rate and the July 1 figure on a lower June sales rate as Honda ended a sales incentive program.

Honda declined to discuss any changes in how its internal inventory is calculated. But dealers privately note that in previous years, the way car allocations were made encouraged dealers to report cars as "sold" as soon as they arrived at dealerships, a practice that has since largely disappeared.

Current Honda inventory figures may more accurately reflect reality than old reports of often single-digit days' supply, dealers suggest.

"We have more cars than I can sell," admitted Gregory McCollum, vice president of Bob Benson Honda in Petaluma, Calif. "It is definitely not the same market as a year ago."

Ray Cooper, general sales manager of Metro Honda in Thornton, Calif., said he has plenty of cars across the board.

"Business is off a little bit. It's not like last year," he said.

Across the entire U.S. market, robust June sales in 1988 whittled down the July 1 domestic-import inventory to 2,490,542 unsold cars, a 61-day supply, 12 days fewer than this year's inventory.

This year's July 1 stockpile of U.S.-built cars rose only 3,139 units over June to 1,847,283. But because of June's sluggish sales pace, that represented a 75-day supply. The figures were 67 days on June 1, and 60 days on July 1, 1988.

Import-car inventories also edged up marginally in June. The July 1 total was 663,418 units, up 1,873 from June 1. The days-supply figure was 67, compared to 66 on June 1 and 58 on July 1, 1988.

Each of the domestic Big 3 reported higher inventories and days' supplies on July 1.

Combined stocks of Chrysler Motors' U.S.-built cars and captive imports climbed to 300,372, equal to 87 days, up from 76 days on June 1.

Both General Motors and Ford Motor Co. reported combined domestic-import stocks equivalent to 80-day supplies on July 1.

GM's combined car inventories rose to 1,001,373. That was equal to 80 days, compared to 72 days on June 1.

Ford's combined car stocks totaled 598,000, equal to an 80-day supply, up from last month's 71.

Automotive News Staff Reporter Jesse Snyder in Los Angeles contributed to this report.

New Kelsey-Hayes plant produces millionth ABS

ROMULUS, Mich. — Kelsey-Hayes Co., manufacturer of anti-lock braking systems for passenger vehicles, reported that production of second-generation rear-wheel anti-lock braking systems at its new Fenton, Mich., plant has topped one million.

Production at Fenton began in 1988, and the plant is scheduled to begin making four-wheel anti-lock braking systems later this year. Kelsey-Hayes also makes anti-lock braking systems at a plant in Brighton, Mich.

IMPORT DAYS' SUPPLIES

	July 1, 1989	June 1, 1989	July 1, 1988
Chevrolet	117	119	88
Chrysler Motors	182	158	104
Acura	42	46	43
Daihatsu	82	83	73
Honda	63	25	15
Isuzu	134	119	129
Mazda	47	53	47
Mitsubishi	65	24	86
Nissan	75	88	80
Subaru	87	95	91
Suzuki	308	160	-
Toyota	31	29	20
JAPAN	64	61	54
Audi	117	141	125
BMW	79	73	76
Mercedes-Benz	43	54	41
Merkur	134	117	93
Porsche	96	98	89
VW	59	68	83
GERMANY	65	72	75
Alfa Romeo	114	120	93
Festiva	133	118	117
Hyundai	58	58	32
Jaguar	32	58	51
Peugeot	98	94	66
Pontiac	81	116	63
Eagle/Renault	201	158	292
Saab	91	79	67
Sterling	75	73	90
Volvo	68	73	67
Yugo	137	171	227
Other Countries	80	85	63
Total Import Cars	67	66	58
Geo Tracker	148	139	-
Isuzu	144	121	131
Mazda	75	68	65
Mitsubishi	95	74	111
Nissan*	55	82	82
Range Rover	45	42	51
Suzuki	159	97	187
Toyota	45	50	43
Dodge	159	170	114
Total Imp. Trucks	77	81	81
Total Imp. Vehicles	69	69	62

*Includes domestic trucks.

DOMESTIC DAYS' SUPPLIES

	July 1, 1989	June 1, 1989	July 1, 1988
Alliance	—	—	73
Premier	92	128	107
Total Eagle	92	128	105
Horizon	113	92	107
Laser	51	51	—
Sundance	136	93	47
Reliant	84	79	59
Acclaim	58	43	—
Caravelle	—	—	79
Gran Fury	—	—	29
Total Plymouth	86	65	64
LeBaron K	—	—	100
LeBaron J	73	83	56
LeBaron GTS	262	248	114
Fifth Avenue	93	104	86
New Yorker C	72	61	73
New Yorker E	—	—	255
Total Chrysler	77	76	72
Omni	105	86	106
Shadow	103	74	48
Daytona	72	78	52
Aries	67	71	58
Lancer	244	252	148
Spirit	54	53	—
Diplomat	—	—	61
Dynasty	50	37	42
Dodge 600	—	—	81
Total Dodge	70	60	61
CHRYSLER MTRS.	77	68	67
Escort	86	94	62
Mustang	57	53	48
Tempo	81	89	62
Taurus	65	54	46
Thunderbird	122	94	103
Probe	85	70	32
Crown Victoria	92	85	46
Total Ford Div.	79	75	57
Tracer/Lynx	71	71	110
Topaz	81	83	60
Sable	67	59	50
Cougar	112	79	82
Grand Marquis	98	80	41
Total Mercury	85	74	63
Continental	66	71	18
Lincoln	58	72	64
Mark VII	59	50	75
Total Lincoln	60	67	55
Total L-M Division	77	72	61
FORD MOTOR CO.	78	74	58
Skyhawk	86	103	92
Somerset/Skylark	31	42	64
Century	82	56	77
Regal	84	93	92
LeSabre	74	80	50
Reatta	82	109	98
Electra	98	100	83
Riviera	85	83	58
Total Buick	74	74	74
Cimarron	67	138	128
Allante	114	105	104
Seville	36	58	109
DeVille	140	67	110
Brougham	77	70	122
Eldorado	85	81	141
Total Cadillac	103	69	117
Chevette	—	—	310
Geo Prizm/Nova	128	136	95
Cavalier	66	67	51
Camaro	75	65	68
Celebrity	33	40	68
Corsica/Beretta	65	64	41
Lumina/Monte Carlo	74	—	74
Caprice	81	74	58
Corvette	126	109	54
Total Chevrolet	69	62	56
Firenza	—	—	142
Calais	117	90	69
Cutlass Ciera	86	70	76
Cutlass Supreme	114	123	118
Olds 88	93	79	44
Olds 98	77	66	87
Toronado	182	186	64
Total Oldsmobile	97	84	74
Fiero	—	—	77
Sunbird	74	51	40
Firebird	72	60	56
Grand Am	72	65	35
Pontiac 6000	61	61	42
Grand Prix	131	118	76
Bonneville H	91	76	39
Paris./Safari	81	94	87
Total Pontiac	82	70	45
GENERAL MTRS.	79	70	63
HONDA	40	17	16
MAZDA	60	57	16
MITSUBISHI	25	—	—
NISSAN	86	110	48
TOYOTA*	21	34	35
VOLKSWAGEN	—	—	140
DOM. TOTAL	75	67	60
Subcompact	58	54	52
Compact	71	62	49
Intermediate	72	64	64
Standard	88	76	60
Speciality	112	89	71

*Estimate.

INCENTIVES

FROM PAGE 1

in lieu of a carryover allowance. Earlier this year, GM told dealers it would not pay the traditional carryover allowance — 5 percent of the list price of the vehicle and factory-installed accessories on vehicles left in inventory when the new model year started. Dealers in recent years have been forced to forfeit part or all of the allowance on some vehicles to pay for incentives.

This year, dealers can elect not to participate in the dealer incentive program. Instead, they will receive $150 on most vehicles left in their inventories on Sept. 28. Dealers say that payment is so minimal that few will pass up the incentive plan.

Under the dealer incentive program, dealers are assigned a sales quota. They get nothing for the first third of the quota, $300 per vehicle for 34-66 percent, $500 per vehicle for 67-100 percent and $1,000 per sale in excess of 100 percent. In addition, GM will advance dealers half of the money they would receive if they meet their sales target.

The following programs have been announced:

ALFA ROMEO offers dealer rebates of $2,000 on Milano sedans and $1,000 on Spyders, for each sale or lease of a 1988 or 1989 model and an extra $6,000 for every third Milano sold, or $3,000 for every third Spyder. The program ends Aug. 31.

AUDI extended consumer and dealer incentives until July 31. Dealers who meet their sales goals for 100 and 200 front-wheel-drive models will receive $3,000 for every car they sell during July. Audi is giving consumers $2,000 on 80 Quattro, $2,500 on 90 and 100 Quattro and $3,000 on 200 Turbo Quattro.

BMW offers reduced interest rates on 1988 and 1989 7-series models through Aug. 31. It had been offering special leasing rates on the 7-series, but the new program marks the first retail financing program for the 1989 models.

BUICK offers a rebate up to $1,500 for buyers of Skylark and Century models with uplevel option packages.

On virtually all GM models except Cadillacs, buyers will have a choice between a rebate and cut-rate loans of 2.9 percent for 24 months, 5.9 percent for 36 months, 6.9 percent for 48 months and 10.9 percent for 60 months. The 60-month rate was raised to 10.9 percent from 9.9.

There is no dealer financial participation.

Buick's rebates are $500 on Skyhawk; $500 to $1,000 on full-sized Estate Wagon; and $500 to $1,500 on Skylark, Century, Regal, LeSabre and Electra/Park Avenue (except Ultra).

CHEVROLET doubled rebates on its 1990 Geo Prizm and placed a $400 rebate on its Geo Tracker; increased rebates on Caprice ($750 to $1,000) but cut rebates on Beretta ($600 from $1,000) and Camaro ($500 from $1,000).

The rebates are: $400 on Sprint/Geo Metro, Geo Spectrum and Geo Tracker; $500 on Camaro, Celebrity, S-10 pickup EL models, C/K full-sized pickup and cab chassis (with no low financing alternative), Astro and Chevy Van; $600 on Cavalier, Beretta and R/V full-sized pickup and cab chassis (with no low financing alternative); $750 on S-10 pickup and cab chassis (excluding EL) and S-10 Blazer; $800 on Geo Prizm and 1988 Nova; $1,000 on Corsica and Caprice.

"We don't anticipate consumers waiting. The biggest availability of colors, options and models out there will be the earliest ones."

— BUD MOORE

GMC TRUCK indefinitely extended incentives, offering rebates or low financing on many models.

Rebates offered as an alternative to low financing are: $500 on Sierra full-sized pickups and cab/chassis (with no low financing alternative); S-15 special price-leader pickups, Safari passenger and cargo vans, Rally passenger and Vandura cargo vans; $600 on R/V pickups (with no low financing alternative); $750 on S-15 pickups and cab/chassis models (excluding leader) and S-15 Jimmy.

GMC Truck and Chevrolet are offering a free automatic transmission alternative to the $500 rebate on the Sierra full-sized pickup.

HONDA has a dealer program which ends Aug. 31 and offers up to $500 on 1989 Preludes and up to $350 on four-door 1989 Accords.

HYUNDAI revised combined consumer rebate and dealer cash program and extended incentives until Sept. 5.

The new program continues a previous dealer cash program on 1989 Sonata sales and leases. The non-retroactive dealer payments are $300 per unit for the first 10 sales in the period, $500 each on units 11 to 20 and $800 each for units over 21.

Direct consumer rebates on 1988 and 1989 Excels — with no dealer contribution — are $300 on three-door base L, $500 on four-door L, $500 on GL and $1,000 on GLS, GS and SE.

Dealers will receive bonus payments based on the percentage of sales quota reached. For 30 to 99.9 percent of quota, payment is $300 per Excel for each unit over the initial level. Reaching or exceeding objective is worth $600 on all units over quota.

MAZDA extended combination consumer rebate and dealer cash incentive program through Aug. 2.

Consumer rebates are: $750 on 626, MX-6 and pickups; $200 on three-door 323; $600 on four-door 323.

Mazda also is offering dealer cash payments on 929, 626 and MX-6. The 929 incentive is $1,000 per unit; payments on the 626 and MX-6 are on a sliding scale based on attainment of quotas.

MERCEDES-BENZ continues to offer special leasing rates on its 190 models.

MITSUBISHI offers dealer cash payments of up to $1,750 on retail sales or leases of most models except Eclipse until July 31.

Mitsubishi will pay dealers $500 for any retail sale or lease of 1989 Galant or 1988 or 1989 Precis, Sigma, Starion, Montero or Wagon during the period. The bonus is $1,000 on any 1988 or 1989 two-door Montero sale or lease.

On 1988 and 1989 Mirage sales or leases, the payment increases with volume. Cash payments are: $250 each for first six units; $500, seventh through 12th; $750, 13th through 20th; $1,000, 21st through 30th; $1,250, all additional Mirages. Payments are not retroactive. The bonus is $500 on all 1988 and 1989 three-door Mirages sold or leased.

For 1988 and 1989 pickups and Vans, payment is also based on volume. Dealers get $500 per unit for the first 12, $1,000 each for units 13-25 and $1,500 each above that.

NISSAN is offering dealer incentives ending Sept. 5 on 1988 and 1989 Sentras, Hardbody pickups and Pathfinders. Awards per vehicle range from $100 to $2,000.

For Sentra, a dealer gets $100 per unit for 0 to 33.9 percent of quota; $800, 34 to 99.9 percent; $1,500, 100 percent or more.

For pickups or Pathfinders, the cash bonus is $100, $1,000 and $2,000 in the same steps.

OLDSMOBILE increased rebates on Cutlass Calais to $1,250 from $1,000; other than that, the program is a carryover.

Olds rebates are: $1,000 on Cutlass Ciera, 88 and Custom Cruiser; and $1,500 on Cutlass Supreme, 98 and Toronado.

Dealers are required to contribute on some of the incentives. On Calais, the dealer must pay $250 on the $1,250 incentive. If the dealer chooses not to participate financially, the rebate on the Calais is $750. On the Ciera, the dealer must pay $250 of the $1,000; otherwise the Ciera incentive is $500. The dealer payment is $250 on Supreme, otherwise $1,000.

PEUGEOT factory-to-dealer rebates run through Sept. 16. They are: $2,000 on 405-DL; $1,500, 405-S; $1,000, 405-Mi 16; $1,000, 1989 505 wagon.

Peugeot also lengthened its optional factory-sponsored extended service contract to 6 years/60,000 miles from 5/50.

PONTIAC rebates are: $1,250 on Grand Prix; $1,250, Grand Am; $1,000, 6000, Sunbird, Bonneville, Firebird, Safari wagon and LeMans GSE and SE; $700 on LeMans LE and Value Leader.

According to dealers, Pontiacs in the rebate program have a $250 dealer financial participation cost except for LeMans, which has a $150 fee. If the dealer decides not to participate, the consumer receives the rebate minus the dealer participation cost, dealers said.

STERLING continues to offer factory rebates and low-interest financing on 1988 models and special lease rates on 1989 models.

In August, Sterling customers will have three choices: low-interest financing or special lease rates on 1989s, or a dealer-cash offer to be applied to the purchase price at the dealer's discretion.

For a 66-month, no-money-down lease, payments are $336 to $448 per month, depending on model.

With a 10 percent down payment on a 66-month lease, the monthly rates are $292 to $391. Payments increase on shorter-term leases.

Low-interest financing on the 1989s will include a 24-month loan at 4.9 percent; 36 or 48 months at 5.9 percent; or 60 months at 9.9.

Cash rebates to dealers will be $1,500 on 827S and $2,750 on SL, SLi or LE.

SUBARU fine-tuned rebates, which run through Sept. 5. Incentives on Subaru's GL and DL three-door and four-door models and the GL 10 wagon remain at $2,000. The $2,000 rebate was cut to $1,500 on GL and DL wagon models.

A $300 rebate on the Justy DL was discontinued, while the $500 rebate on the Justy GL was doubled to $1,000. The $1,000 rebate also was applied to the Justy RS and the Justy with continuously variable transmission. The rebate on the XT sport model was doubled to $3,000.

Whether the rebate goes directly to the customer or to the dealer varies by sales region.

SUZUKI has a three-part cash program on selected Sidekicks and Swifts until Aug. 2. Dealers get $1,000 each on Swifts with automatic transmissions and uplevel Sidekick sport-utilities except Sidekick JS.

TOYOTA: Program runs until Sept. 5 and combines dealer cash payments of up to $2,500 and a sales manager trip contest on pickups, vans, 4Runners, Camrys, Corollas, Supras and MR2s.

Cargo and panel vans have three dealer cash payments based on volume. They are: one to three units, $1,250 each; four to six, $1,500 each; seven or more, is $2,500 per unit for all units, retroactive to the first six.

For 1988 and 1989 pickups and 4Runners, the dealer payment is based on percentage of quota achieved. For 0 to 34.9 percent, $200 per unit; 35 to 84.9 percent, $400 per unit; 85 to 99.9 percent, $1,000 per unit; and $1,200 for meeting or exceeding quota. There is a $400 bonus on all base 4x2 and 4x4 models and a $200-per-unit bonus on each sale before Aug. 2 if the July sales objective is reached.

On 1988 and 1989 Camrys and Corollas, the program uses different percentage groupings. For 0 to 33.9 percent of objective, the payment is $100 per car; 34 to 66.9 percent, $300 per car; 67 to 100 percent, $600; and for exceeding quota, $800 per car.

Toyota will pay dealers a flat $2,000 on all 1988 and 1989 Supras and $1,000 on 1988 and 1989 MR2s sold until Sept. 5.

VOLKSWAGEN: Cash rebates through July 31 are: $200 on Wolfsburg Edition Fox GL; $500 on Wolfsburg Edition Golf GL; $750 on 1988 and 1989 GTI 16V, Wolfsburg Edition Cabriolet and Wolfsburg Edition Jetta GL; $1,000 on 1988 and 1989 Jetta GLI and 1989 Wolfsburg Edition Vanagon GL; $1,500 on Wolfsburg Edition Jetta GLI; and $2,000 on 1989 and 1988 Vanagon camper. No dealer financial participation is required.

Dealers receive $500 on every Vanagon camper sold during July.

Automotive News Staff Reporters Jim Henry, Dutch Mandel and Jesse Snyder contributed to this report.

Cars, trucks post sales gain in early July

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Early-July sales of U.S.-built cars and light trucks climbed 8.93 percent above last year's lackluster period, which had followed the second best 10-day period of 1988.

Both car and truck sales performance improved in the July 1-10 period. Only Chrysler Motors and Honda suffered sales declines. Chrysler's light-truck increase could not make up for lower car deliveries. And domestic Hondas fell by nearly a third.

The 10-day upswing represented "a little bit of bounce back in early July after very bad late June sales," said Wendy Beale Needham, auto analyst at Smith Barney, Harris, Upham & Co. in New York.

She said good weather and shopping on the July 4 holiday weekend probably helped boost sales. Showroom traffic may have increased because some incentives, particularly those from General Motors, were due to expire July 10.

In the period, 249,298 domestic cars and light trucks were sold, an increase of 20,428 over last year's 228,870.

GM and Ford Motor Co. both reported 11 to 12 percent increases in combined car and light-truck sales. Nissan's domestically assembled car and truck deliveries soared 98.43 percent above last year's. Chrysler Motors' combined sales slipped 2.08 percent below the equivalent period in 1988.

Deliveries of U.S.-built cars for the July 1-10 period totaled 155,297, up 9.28 percent from last year's 142,110.

Light-truck sales rose 8.35 percent. The four light-truck makers sold 94,001 units, up from 86,760 last year. Nissan's light-truck deliveries more than doubled the year-ago total.

Boosted by hefty Lincoln gains, Ford delivered 16.95 percent more cars than it did a year ago.

GM sold 11.34 percent more cars in this year's early-July period. Buick had the biggest gain; Chevrolet and Pontiac were up.

Chrysler reported a 5.76 percent decline, although Plymouth posted a 3.74 percent increase.

Among the transplants, only Honda reported a decline: 31.83 percent. Toyota U.S.-built Camry sales more than doubled in the first 10 days of July. Nissan reported a hefty 86.90 percent gain in domestic Sentra deliveries. Mazda's MX-6 sales rose 47.33 percent. Mitsubishi, which was not making cars here last year, sold 716 Eclipses in the first 10 days of July.

All four U.S. truck makers reported early-July increases. Nissan's transplant light-truck sales doubled. GM boosted its light-truck deliveries 13.16 percent, and Ford sold 3.56 percent more light trucks than it did last year.

DOMESTIC CAR SALES

	July 1-10, 1989	July 1-10, 1988
Eagle	1,013	1,143
Chrysler	4,440	5,397
Plymouth	5,937	5,723
Dodge	9,059	9,437
Chrysler Motors	20,449	21,700
Ford	34,248	28,718
Mercury	9,977	9,790
Lincoln	4,233	2,928
Ford Motor Co.	48,458	41,436
Buick	12,513	8,391
Cadillac	4,148	4,840
Chevrolet	33,747	29,032
Oldsmobile	11,414	13,317
Pontiac	12,482	11,157
General Motors	74,304	66,737
Honda	6,623	9,715
Nissan	2,639	1,412
Toyota	1,694	829
Mazda	414	281
Mitsubishi	716	—
U.S. Car Total	155,297	142,110

COURT

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The petition also notes that eight federal courts and five state supreme courts have addressed the issue of whether compliance with federal law exempts automakers from liability in design defect cases and that the situation is "utterly unclear." For example, a jury found that the placement of a gas tank between the rear bumper and the axle was negligent even though it met federal safety standard 301. Another jury found a side door design inadequate even though it met standard 214.

The lawyers maintain that those and the air-bag cases need clarification by the Supreme Court.

Air bag suits: GM wins one, settles one

By Helen Kaha
SENIOR CORRESPONDENT

WASHINGTON — In two separate cases charging that General Motors cars were defective because they weren't equiped with air bags, the automaker won one on appeal and settled the other out of court.

A three-judge U.S. Court of Appeals for the 11th Circuit in Atlanta upheld a Florida court decision in GM's favor saying that the Motor Vehicle Safety Act of 1966 "implies" federal pre-emption of some liability claims in state courts.

The ruling applies not only to GM in the Taylor vs. GM case, but also to a joined case of Evans vs. American Honda. In that case, the plaintiff charged that a 1977 Accord was not crashworthy because it, too, lacked an air bag.

While the appellate court found no express federal pre-emption in the 1966 law, it found implied preemption, saying that a 1974 federal safety standard adopted under the 1966 law provided manufacturers a choice of equipping their vehicles with seat belts or passive restraints such as air bags.

If a state court suit were to require automakers to install passive restraints, it would eliminate their option, thereby "frustrating the federal regulatory scheme," the court said.

Meanwhile, GM reached a confidential, out-of-court settlement in a similar case, Ritt vs. GM, in the U.S. Court of Appeals for the Seventh Circuit in Chicago.

That court requested the government's view on whether the 1966 safety law and federal standard 208, which provides for passenger restraints, were meant to pre-empt state auto design litigation.

NHTSA's position, forwarded by the Justice Department, held that mere compliance with the minimum federal safety standard is not a shield against litigation and a federal policy of "uniformity" does not make auto companies immune from damages under common law.

But the government confined its view on the issue to the 1984 version of standard 208, which requires the phase-in of passive restraints by 1990. It took no position on vehicles made before that standard was issued.

GM settled the case. It involved a 1980 Pontiac Sunbird in which the driver was paralyzed in an accident. The driver's guardian sued on grounds the car was uncrashworthy because it lacked passive restraints.

AUTOMOTIVE NEWS/JOE WILSEMS

Designers eye the classics
The Big 3's leading auto designers set aside their corporate competition and relaxed for a few moments at the Eyes on the Classics concours d'elegance in Grosse Pointe Farms, Mich. Standing, from left, are: John J. Telnack Jr., Ford Motor Co.; Charles M. Jordan, General Motors; and Thomas C. Gale, Chrysler Motors. Cadillac General Manager John O. Grettenberger presented an award for best expression of Cadillac to L.C. Harriman for his 1941 Cadillac 60-S sedan. Cadillac was the honored marque of the event.

EPA questions tax loophole used by Ford & Chrysler

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The EPA has asked the Internal Revenue Service to examine its method of taxing gas guzzlers based on sales projections rather than on actual sales, according to Thomas M. Ball, chief of the EPA's certification branch.

Following the disclosure last week that loopholes in the gas-guzzler law allowed Ford Motor Co. to avoid nearly $200 million in taxes and Chrysler Motors to avoid about $29 million, the EPA is studying alternative ways to determine gas guzzlers. It is also investigating to see if other manufacturers are using loopholes, Ball said.

Ford and Chrysler used different ways to avoid the tax.

If the fuel-economy rating of a category of cars is below 22.5 mpg, the maker is penalized $500 to $3,850 per car. For Ford and Chrysler, the penalty probably would have been $500, Ball said.

Gas guzzlers are determined in classes by the projected best-selling model of a category of cars.

Ford counted its 1986 Thunderbird V-8 as its best-selling model in the EPA fuel economy category with the Mercury Cougar, Ford Crown Victoria, Mercury Grand Marquis and Lincoln Town Car, Continental and Mark VII.

By breaking the cars into subcategories — based on things like axle ratio and engine controls — Ford turned the more efficient Thunderbird into the class' best seller.

Chrysler got its rating by projecting higher sales than it actually achieved for the highest-economy version of its 5.2-liter V-8-powered 1988 Chrysler Fifth Avenue, Dodge Diplomat and Plymouth Gran Fury models.

"We discussed the situation with Ford and they agreed not to do it again," Ball said.

Donald R. Buist, director of Ford's automotive emissions and fuel economy office, said, "Ford Motor Co. has done nothing inconsistent with the law."

A Chrysler spokesman said, "We were in strict compliance with the law. Sales projections are based on our best estimate at the time. It didn't work out."

CAFE

FROM PAGE 2

approved its use of $4.03 million in credits accumulated during the three years prior to 1987, when the company exceeded CAFE.

Porsche Cars North America settled liabilities recently for both the 1986 and 198" model years, paying penalties of $323,440 and $948,480, respectively.

Porsche's CAFE in 1987 was 25.4 mpg and it anticipates it will again pay a fine for the 1988 model year because its CAFE dropped to 24.9 mpg. But because of weaker sales, it anticipates a fine of about $887,000, a spokesman said. Peugeot's CAFE was only 24.1 mpg in 1987 and the automaker paid a $767,600 penalty. Peugeot Motors of America's civil liability could be equally high in 1988 when the marketing arms expects its CAFE will be 23.5 mpg.

"CAFE is just something that we have to bear with, it's just the cost of doing business," a Peugeot spokeswoman said.

Because of Peugeot's small sales and already strained U.S. finances, paying a CAFE fine significantly impacts the company's bottom line, she said. "To others (carmakers) selling more cars, it's a drop in the bucket. For us there's just no way around it right now," she said.

Range Rover vehicles are classified as light trucks, and are subject to a lower CAFE standard. The light-truck CAFE for 1987 was 19.5 mpg and Range-Rover's average was 16.4 mpg, subjecting the manufacturer to a $272,955 fine.

Range Rover does not expect to meet the 1988 light-truck CAFE of 19.5 mpg or the 19 mpg level set for 1989.

"We aren't contesting it, or arguing the figures," a spokeswoman said.

WARRANTY

FROM PAGE 3

position — having to handle very angry customers," Downey said last week. "There is virtually zero chance there will be sufficient assets to pay all the creditors." He said dealers and customers are among the creditors least likely to be paid.

"My reputation is being beat to pieces over this, and it's not my fault," said Archie Huebner, a Chevrolet-Oldsmobile-Geo dealer in Carrollton, Ohio.

Heubner said he sold about 800 Thermo-Care warranties in 1987-88. He said he is owed $19,000 to $20,000 for warranty work that the administrator of the Thermo-Care warranties has refused to pay, citing the dispute with Ravinsky.

Jeffrey Fine, general manager of Peugeot of Westfield in New Jersey, said he has been refused reimbursement for work performed on cars owned by more than a dozen of his Thermo-Care Warranty customers. Three customers sued the dealership for fraud when they were told that repairs weren't covered, he said.

At the center of the case is Ravinsky, principal owner of Guardall Warranty Corp. in Mississauga, Ontario, and related businesses that filed for bankruptcy in March after the Ontario government closed them and froze their assets.

Ravinsky is also president and director of the company best known as Thermo-Guard Warranty Co., which is chartered in Fort Lauderdale, Fla. Ravinsky legally changed the name of Thermo-Guard Warranty Co. to SJR Warranty Co. soon after he bought out his partner in 1986. The company sold service contracts in the United States under the Thermo-Care name. In Canada, warranties were sold under the Guardall name.

An affidavit filed by the bankruptcy trustee said Ravinsky's Canadian companies sold an average of 2,000 extended service contracts a month from January to May 1987 alone.

Downey said customers paid $700 to $800 Canadian ($588-$672 U.S.) per warranty, and the selling dealers kept $300 to $400 ($252-$336 U.S.). Of the remainder, about 62 percent was supposed to be kept in trust, with $10 to go for insurance premiums for large claims.

But, according to Downey's affidavit, Ravinsky's companies failed to maintain sufficient reserves to pay claims as they were obliged to do under Canadian law. He said the companies sometimes failed to buy insurance.

On April 5, Downey was put in charge of Guardall Financial Services Corp. and its five subsidiaries.

Downey then sought to force Ravinsky into bankruptcy in U.S. Bankruptcy Court in Miami, with an eye toward seizing Ravinsky's personal assets, notably the yacht that Ravinsky had tried to sell before the corporate bankruptcy was declared.

On July 5, Ravinsky settled the case and avoided being forced into personal bankruptcy by agreeing to hand over his personal and corporate assets.

Downey refused to divulge the financial terms of the settlement except to say it was "significant in monetary terms."

Ravinsky took over Thermo-Guard Warranty Co. in 1986 after buying out his former partner, Hap Hirsh.

Hirsh of Deerfield Beach, Fla., founded the warranty business about two years earlier as part of Thermo-Guard Inc., which sells aftermarket sealant and protectant chemicals to dealers. Hirsh recently bought out his partner, Lou Small, and is now sole owner of the chemicals company.

Dealers are in a very difficult position — having to handle very angry customers. There is virtually zero chance there will be sufficient assets to pay all the creditors.

Bankruptcy Trustee

Hirsh said he hasn't been associated with the warranty business since he sold it to Ravinsky.

Ravinsky expanded the business into Canada under the Guardall name and later moved its headquarters to Canada.

But Hirsh and Ravinsky shared the same office building in Florida until last year, and both organizations were represented by the same salespeople in the field in some markets. Hirsh said the Ravinsky bankruptcy has had a bad effect on the chemicals business, even though the two businesses were under separate ownership.

Under Hirsh and then under Ravinsky, 1,000 to 1,500 U.S. dealers have sold Thermo-Care warranties, at an average rate of about 1,300 warranties per month, according to Gerald Zipper, chairman of Dealer Service Network.

Dealer Service Network administered the service contracts for Ravinsky, both in Canada and the United States. It continues to honor valid Thermo-Care warranties, even though Thermo-Guard Warranty Co. is out of business, Zipper said.

Zipper said Ravinsky's companies virtually ceased selling service contracts in the United States after Dealer Service Network terminated its contract with Ravinsky last October. Sales ceased completely following the Canadian bankruptcy in March, he said.

Zipper said relatively few dealers, "no more than 50," have been denied claims because of the conflict between Dealer Service Network and Ravinsky.

Dealer Service Network is now suing Ravinsky in the New York Supreme Court, alleging that Ravinsky's companies accepted money for service contracts without forwarding the money to Dealer Service Network to maintain sufficient trust fund reserves or insurance.

Ravinsky countersued Dealer Service Network for more than $5.5 million in damages. He alleged that the warranty administrator breached its contract and withheld the money he needed to pay claims, making it impossible for him to meet his obligations.

Ravinsky did not return messages on his home answering machine. His attorney in New York, Susan Rosenthal, refused to discuss any aspect of the case. His attorney in Florida, James Paul, didn't return phone calls.

OBITUARIES

Charles E. Vincel

ST. LOUIS — Charles E. Vincel, 76, a top Pontiac dealer nationally in the 1960s, died June 12. He founded Vincel Pontiac in 1938.

Ford to idle two Ranger truck plants

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

A softening demand for compact pickup trucks will cause Ford Motor Co. to idle two plants that assemble the popular Ford Ranger model, beginning July 24.

Ford said sales of compact pickups have declined more this year than the truck market as a whole. Ford will shut down its Louisville, Ky., and Twin Cities, Minn., plants resulting in a weekly production loss of about 11,900 units during the first week and 4,300 cars the second.

The Louisville plant builds the Ranger and Bronco II and will be idle for a week. The Twin Cities plant, which produces the Ranger and F-series trucks, will be shut down for two weeks.

Meanwhile, last week's targeted domestic truck production remained low, with several plants closed for model changeover and vacation.

Output of 40,061 was 29.35 percent more than the previous holiday week's 30,972 and 0.86 percent above the year-ago week's 39,721.

Car production totaled 56,573 units last week, up 38.24 percent from the previous week's 40,925 but 39.81 percent below the year-ago week's 93,984.

Last week's estimated car build was split as follows: General Motors, 62.40 percent; Honda of America, 12.89 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 7.67 percent; Toyota Motor Manufacturing U.S.A., 6.22 percent; New United Motor Manufacturing Inc., 4.33 percent; Chrysler Motors, 3.54 percent; and Diamond-Star Motors, 2.95 percent.

Ford and Nissan Motor Manufacturing Co. plants are expected to resume production today after being idle for vacation.

Mazda, Honda, and Diamond-Star Motors resumed domestic production last week.

GM shut down its Buick City plant in Flint, Mich., for model changeover last Thursday. The plant is expected to reopen Aug. 7.

These GM plants remain closed for changeover: Detroit-Hamtramck; Orion Township, Mich.; Wentzville, Mo.; Flint, Mich.; Lordstown, Ohio; and the Reatta Craft Centre in Lansing, Mich.

Remaining idle for model changeover at Chrysler are: Toledo, Ohio; St. Louis; Belvidere, Ill.; Newark, Del.; and Sterling Heights, Mich., plants.

Canada plans 50 percent hike

Canadian auto production was scheduled at 12,800 units last week, up 50.59 percent over the previous holiday week's 8,500, and 49.39 percent over the year-ago week's 8,568.

Truck output last week of 6,533 dipped 45.49 percent from the prior week's 11,919 but rose 15.73 percent over the year-ago week's 5,645.

Ford Motor Co. reopened its plants today after a two week vacation shutdown.

U.S. CAR	Week Ended July 15, 1989	Week Ended July 16, 1988	Week Ended July 8, 1989	July to Date	Jan. 1 to July 15, 1989	Jan. 1 to July 16, 1988
Horizon	1,000	1,400	900	1,900	13,941	54,389
Sundance	0	3,142	1,964	1,964	64,561	59,633
Reliant	0	2,120	0	0	0	51,961
Acclaim	0	0	1,860	1,860	70,752	0
Caravelle	0	0	0	0	0	9,087
Gran Fury	0	290	0	0	0	15,057
Total Plymouth	1,000	6,952	4,724	5,724	149,254	190,127
LeBaron K	0	0	0	0	0	7,912
LeBaron J	0	2,050	0	0	55,273	44,526
LeBaron GTS	0	329	0	0	2,946	5,428
N. Yorker C-Class	0	0	0	0	57,496	63,233
Fifth Avenue	0	249	0	0	0	15,745
Total Chrysler	0	2,628	0	0	115,715	136,844
Omni	1,000	1,218	980	1,980	15,169	53,084
Daytona	0	2,020	0	0	46,536	43,801
Shadow	0	2,648	1,719	1,719	61,412	59,265
Aries	0	1,894	0	0	0	50,811
Dodge 600	0	0	0	0	0	8,549
Dynasty	0	0	0	0	83,278	59,366
Lancer	0	185	0	0	1,528	5,471
Spirit	0	0	1,124	1,124	60,292	0
Diplomat	0	297	0	0	0	12,371
Total Dodge	1,000	8,262	3,823	4,823	268,215	292,718
CHRYSLER MOTORS	2,000	17,842	8,547	10,547	533,184	619,689
Escort	0	0	0	0	169,288	201,238
Mustang	0	0	0	0	116,716	109,640
Tempo	0	0	0	0	81,238	102,764
Taurus	0	0	0	0	205,266	213,056
Thunderbird	0	0	0	0	88,353	84,245
Total Ford Div.	0	0	0	0	660,861	710,943
Topaz	0	0	0	0	37,232	38,291
Cougar	0	0	0	0	74,071	63,775
Sable	0	0	0	0	66,515	73,626
Total Mercury	0	0	0	0	177,818	175,692
Continental	0	0	0	0	37,593	23,716
Mark VII	0	0	0	0	13,265	12,997
Lincoln	0	0	0	0	70,039	75,589
Total Lincoln	0	0	0	0	120,897	112,302
Total L-M Division	0	0	0	0	298,715	287,994
FORD MOTOR CO.	0	0	0	0	959,576	998,937
Skyhawk	0	177	0	0	6,913	9,945
Skylark/Somerset	1,600	712	1,303	2,903	34,151	27,983
Century	2,725	1,580	2,250	4,975	69,787	66,096
Riviera	0	0	0	0	11,348	3,642
Electra	0	1,905	0	0	43,308	49,803
LeSabre (fwd)	3,528	2,592	2,297	5,825	90,610	69,970
LeSabre (rwd)	40	196	33	73	4,027	5,820
Reatta	0	166	0	0	3,140	5,140
Total Buick	7,893	7,328	5,883	13,776	263,284	238,399
Cimarron	0	0	0	0	0	3,693
Eldorado	0	0	0	0	19,103	23,410
Seville	0	0	0	0	13,997	14,488
Brougham (rwd)	1,325	356	920	2,245	22,308	17,799
Deville (fwd)	0	1,116	0	0	113,516	97,108
Allante	75	0	60	135	1,768	1,135
Total Cadillac	1,400	1,472	980	2,380	170,692	157,633
Cavalier	4,480	7,369	3,536	8,016	209,750	201,538
Camaro	0	2,825	0	0	64,591	51,925
Celebrity	0	2,638	1,727	1,727	70,349	108,343
Corsica/Beretta	4,695	9,460	3,657	8,352	229,395	231,362
Caprice	3,300	4,457	2,835	6,135	110,446	114,478
Corvette	560	450	448	1,008	14,853	11,878
Total Chevrolet	13,035	27,199	12,203	25,238	699,384	719,524
Calais	2,000	1,360	1,618	3,618	55,575	64,657
Firenza	0	0	0	0	0	5,230
Cutlass Ciera	3,055	2,260	1,557	4,612	50,399	13,156
Cutlass Supreme	0	3,937	0	0	51,125	90,891
Toronado	0	0	0	0	4,845	10,209
88 (fwd)	762	2,919	636	1,398	85,849	89,661
88 (rwd)	360	118	221	581	4,972	6,925
Olds 98	0	584	0	0	41,993	44,948
Total Oldsmobile	6,177	11,178	4,032	10,209	294,758	325,677
Sunbird	0	1,834	0	0	81,176	59,756
Grand Am	4,800	4,186	3,923	8,723	139,811	138,286
Firebird	0	1,325	0	0	35,352	36,632
Grand Prix	0	2,536	0	0	69,565	73,415
Pontiac 6000	2,000	711	742	2,742	45,304	43,569
Bonneville	0	2,345	0	0	51,680	63,962
Safari/Parisienne	0	71	0	0	2,691	4,697
Fiero	0	496	0	0	0	11,134
Total Pontiac	6,800	13,504	4,665	11,465	425,579	431,451
GENERAL MOTORS	35,305	60,681	27,763	63,068	1,853,697	1,872,684
DIAMOND-STAR	1,668	0	0	1,668	28,140	0
HONDA	7,290	7,133	0	7,290	204,887	196,869
Civic	2,580	2,325	0	2,580	69,798	54,206
Accord	4,710	4,808	0	4,710	135,089	142,663
MAZDA†	4,340	3,514	0	4,340	110,848	53,699
NISSAN	0	0	0	0	61,735	53,571
NUMMI	2,450	3,237	2,542	4,992	108,845	85,176
Corolla	950	1,172	1,016	1,966	43,776	31,278
Geo Prizm/Nova	1,500	2,065	1,526	3,026	65,069	53,898
TOYOTA	3,520	0	2,073	5,593	64,116	0
VOLKSWAGEN	0	1,577	0	0	0	35,595
Golf/GTI	0	1,577	0	0	0	30,042
Jetta	0	0	0	0	0	5,553
Total Cars, U.S.	56,573	93,984	40,925	97,498	3,925,028	3,916,220
Total Cars, Canada	12,800	12,343	8,500	21,300	542,467	637,740
U.S., Canada Cars	69,373	102,552	49,425	118,798	4,467,495	4,553,960
U.S., Canada Cars and Trucks	115,967	147,918	92,316	208,283	7,377,838	7,338,722

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended July 15, 1989	Week Ended July 16, 1988	Week Ended July 8, 1989	July to Date	Jan. 1 to July 15, 1989	Jan. 1 to July 16, 1988
Premier	0	1,595	0	0	22,370	38,874
CHRYSLER MOTORS	0	1,595	0	0	22,370	38,874
Tempo	0	0	0	0	72,675	102,017
Topaz	0	0	0	0	30,827	36,450
Crown Victoria	0	0	0	0	68,779	71,940
Grand Marquis	0	0	0	0	74,446	71,864
FORD MOTOR CO.	0	0	0	0	246,727	282,271
Celebrity	1,103	553	791	1,894	13,606	12,948
Cutlass Ciera	2,457	1,978	1,805	4,262	90,875	155,498
Lumina	6,321	0	4,181	10,502	70,863	0
Pontiac 6000	0	0	0	0	0	29,675
Regal	749	3,368	1,203	1,952	42,208	94,088
GENERAL MOTORS	10,630	5,899	7,980	18,610	217,552	292,209
HONDA	1,590	894	0	1,590	44,035	20,377
TOYOTA	400	0	376	776	6,956	0
VOLVO	180	180	144	324	4,827	4,009
Total Cars, Canada	12,800	8,568	8,500	21,300	542,467	637,740

U.S. TRUCK☆	Week Ended July 15, 1989	Week Ended July 16, 1988	Week Ended July 8, 1989	July to Date	Jan. 1 to July 15, 1989	Jan. 1 to July 16, 1988
Caravan	1,700	0	1,639	3,339	62,196	52,630
Dakota	0	0	0	0	54,919	61,653
Caravan C/V	0	0	6	6	4,518	8,496
Ram pickups	0	0	0	0	55,023	40,119
Total Dodge	1,700	0	1,645	3,345	176,656	162,898
Cherokee	0	3,626	0	0	122,181	102,230
Comanche	0	874	0	0	16,753	26,130
Grand Wagoneer	0	284	0	0	6,279	8,231
Wagoneer	0	0	0	0	4,987	6,190
Total Jeep	0	4,784	0	0	150,200	142,781
Voyager	1,600	0	1,515	3,115	58,813	48,601
Town & Country	100	0	137	237	1,825	0
Total C-P Div.	1,700	0	1,652	3,352	60,638	49,354
CHRYSLER MOTORS	3,400	4,784	3,297	6,697	387,494	362,297
Aerostar	0	0	0	0	127,712	109,133
Bronco	0	0	0	0	43,085	32,390
Bronco II	0	0	0	0	69,685	69,881
Econoline	0	0	0	0	129,119	130,025
Heavy trucks	0	0	0	0	34,992	35,060
Light trucks	0	0	0	0	292,860	266,783
Ranger	0	0	0	0	183,701	191,433
Total Ford Div.	0	0	0	0	879,154	834,705
FORD MOTOR CO.	0	0	0	0	879,154	834,705
Astro	2,993	3,365	2,371	5,364	92,245	96,392
Blazer	690	617	253	943	15,779	15,565
Mediums/Heavies	375	333	200	575	1,887	9,936
P-Model	725	1,017	562	1,287	20,041	22,311
Pickups	8,207	6,620	6,008	14,215	222,128	187,810
S-10	5,088	5,886	4,106	9,194	149,220	163,366
S-10 Blazer	3,991	3,648	3,178	7,169	107,949	93,409
Sportsvan/Van	1,886	2,036	1,477	3,363	54,374	50,113
Suburban	1,997	1,561	735	2,732	44,048	41,525
Total Chevrolet	25,952	25,083	18,890	44,842	707,671	680,427
Jimmy	199	71	72	271	4,679	4,486
Mediums/Heavies	341	769	575	916	2,412	22,023
P-Model	155	16	132	287	2,720	3,198
Pickups	2,393	1,991	2,312	4,705	66,427	58,177
S-15	1,059	1,162	826	1,885	34,614	37,244
S-15 Jimmy	1,035	966	810	1,845	30,040	24,264
Safari	767	892	596	1,363	23,937	24,547
Suburban	682	505	235	917	17,257	18,653
Vandura/Rally Vans	628	732	467	1,095	14,867	19,857
Total GMC	7,259	7,104	6,025	13,284	196,953	212,449
GENERAL MOTORS	33,211	32,187	24,915	58,126	904,624	892,876
NAVISTAR	0	0	0	0	45,126	45,649
NISSAN	0	0	0	0	65,298	55,959
AM GENERAL*	450	450	360	810	12,240	12,510
MISCELLANEOUS*	3,000	2,300	2,400	5,400	76,300	63,940
Total Trucks, U.S.	40,061	39,721	30,972	71,033		

CANADIAN TRUCK	Week Ended July 15, 1989	Week Ended July 16, 1988	Week Ended July 8, 1989	July to Date	Jan. 1 to July 15, 1989	Jan. 1 to July 16, 1988
Caravan	0	0	2,020	2,020	80,624	79,451
Caravan C/V	0	0	145	145	7,048	7,850
Ram Wagon	0	0	428	428	13,578	13,401
Ram Van	0	0	857	857	39,800	35,238
Total Dodge	0	0	3,450	3,450	143,050	135,940
Voyager	0	0	1,773	1,773	71,727	72,320
Total Plymouth	0	0	1,773	1,773	71,727	72,320
Wrangler	0	23	1,500	1,500	44,644	26,865
Total Jeep	0	23	1,500	1,500	44,644	26,865
CHRYSLER MOTORS	0	23	6,723	6,723	259,421	235,125
FORD MTR. (lt. trks.)	0	0	0	0	89,294	91,509
Light trucks	3,600	2,604	2,964	6,564	89,885	86,130
Vans	1,116	983	991	2,107	36,690	35,398
Total Chevrolet	4,716	3,587	3,955	8,671	126,575	121,528
Light trucks	1,280	1,434	711	1,991	40,146	44,378
Vans	537	601	530	1,067	18,072	18,450
Total GMC	1,817	2,035	1,241	3,058	58,218	62,828
GENERAL MOTORS	6,533	5,622	5,196	11,729	184,793	184,356
NAVISTAR	0	0	0	0	6,599	5,836
Total Trks., Canada	6,533	5,645	11,919	18,452	540,107	516,826
U.S., Canada Trks.	46,594	45,366	42,891	89,485	2,910,343	2,784,762

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.